

VIA: AIR
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DISP. CH. NO. EASA-4823

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DATE: 10 JUN 1956

TO : Chief, EE
Attn: []
FROM : Chief of Base, Salzburg []
SUBJECT: GENERAL Operational/HIWAY

SPECIFIC [] Progress Report for the Period 10 May to 10 June 1955

1. Headquarters Action Required.

None. For information and files only.

2. Summary of Developments.

A single meeting was held with [] at which certain biographical data on, and pictures of the Hungarian Fencing Team were obtained. In accord with BERN-7943, a detailed debriefing was obtained on Subject's activities in Switzerland, especially his blackmarketing gains. A discussion was also held with Bela WERTES on the LHBK. Subject, his wife, and mother have all applied for immigration visas to the United States.

3. Analysis of Developments.

a. The cloud of intelligence potential which was thought to surround [] is rapidly evaporating into thin air. From the added information which [] gave on members of the fencing team, it is apparent that he has only generalized knowledge as to their individual histories and feelings concerning their susceptibility to defection overtures. He is in no position to afford detailed data upon which to plan a defection operation and all the information he has made available to KUBARK, he has also made available to the Hungarian National Council Sport Section. Based upon the data he has given us, an operation against the Hungarian Fencing Team in Rome in October 1955 seems only slightly feasible. From a security angle, it is compromised in the fact that [] has confided all to his friend, Bela WERTES, a man of questionable allegiance.
about 35 yrs old

b. An objective appraisal of the illegal East-West trade data which [] claimed to have in large amounts indicates that, in reality, he is not knowledgeable personally, and probably would only become slightly knowledgeable if heavily subsidized by KUBARK, which subsidization he would also utilize for his own unsavory dealings. His request for 6,000 AMS as travelling expenses to get started and his feeling for a dummy corporation, with him at the helm; both indicate the true nature of his present awareness on this subject.

c. It is apparent that [] did not tell the truth to [] when questioned about his personal finances. He has now changed his story from one of rugged individualistic business accomplishment to one of pure subsidization by two unknown quantities in Switzerland, A. Albert BRAYLER and Eugen BELIS. SALZ 3871 requested the [] to run traces on these individuals, and until this is done, little or no further contact should be made with [].
1 att H/W
60 yrs old

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especially as it affected his relationship with ZAKO. According to VERTES, ZAKO was one of his instructors in a staff officers school in Hungary. ZAKO had been a VERTES to be a most promising officer and had taken him under his wing to the extent that he sought and obtained his assignment to his own general staff. Therefore, it was not unusual that when ZAKO started his KHBK movement in exile he would choose VERTES as one of his lieutenants. VERTES stated that he still receives Christmas cards from ZAKO but is no longer an active member of the group. He stated that Antal RAINOCZY is currently the leader of the KHBK movement, Lajos KISS is the second in command and ZAKO is the third in command. He felt that the idealism under which the movement was started is necessary in the Hungarian community in exile, but that the KHBK as the expression of such an idealism is just about dead. He stated that for the first time the Americans were sponsoring an Hungarian "wach" company in Kaiserslauten, Germany and that currently negotiations were being carried on between Hungarian leaders and the American military in Heidelberg. He stated that SONYI group was currently in favor with the NATO nations and that they were starting to bring the files of Hungarians (officers) to date for military purposes as well as for conscription. He added that, while the ZAKO group had formerly run several agent radio nets between Austria and Hungary, there were only monitoring activities now being carried on. He felt that the name, Col. ORLES, used by the French contact of the SONYI group was in all probability a cover name. He also repeated that negotiations were being conducted between Munich and frn MENDE of the Bonn government and concerning whom there was a long article recently in the N. Y. Herald Tribune. He added that he had attended a large Hungarian gathering in Munich during the week of 9-13 May but gave no details. He stated that the aims of most of the exile Hungarian groups were the same; freedom for Hungary, and that they differed only in the manner in which they approached the problem. He favored the restoration of a monarchy in Hungary and the creation of a Danubian Federation. He believed that the history and accomplishments of the Hungarian people spoke eloquently as to their stature and status in the world picture. He felt that a show-down war was essential and that the policy of the Americans had been too soft in the past and that they had not face with the English. He admitted having worked in Paris but would not state who had sponsored him. He stated that Gustav HENYEL in Munich was not too smart and was only a figurehead in the Hungarian community in exile. He stated that (ex-Scn) KARSTEN had been one of those who had originally germinated the idea of the SONYI movement. He quoted the number of KHBK members in the world as 16,000 but stated only 700 were active workers. He stated that Bela HENYEL was working indirectly as an intelligence agent for the Americans whether or not the Americans realized it. He would not elaborate. He stated that KHBK relations with the Spanish had deteriorated but had not been severed and that there had been and probably was still some connection with the Yugoslavians. The KHBK is also in contact with frn MENDE and is receiving support from the English. He felt that ZAKO would soon be moving from Innsbruck to Munich. He suggested that all Americans dealing in Hungarian matters should read the book written by the former American ambassador to Hungary, Montgomery. VERTES seemed willing to answer specific questions but was not about to volunteer any information on the status of the Hungarian community in exile. However, it was apparent both from the way in

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